

Message Text

MRN: 1974NEW DE017132 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE
ADP000
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ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 IGA-01 EB-07 COME-00

TRSE-00 OMB-01 AGR-05 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 /090 W
----- 037686

R 261005Z DEC 74
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 5921
INFO AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
AMEMBASSY RANGOON
AMEMBASSY LONDON
AMCONSUL BOMBAY
RUSBTZXAMCONSUL CALCUTTA 3957
AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 17132

INDIA IS STILL PREPARED, HOWEVER, TO LOAN BANGLADESH MONEY
TO BUY INDIAN EQUIPMENT FOR JOINT PROJECTS. INDIA HAS FINISHED
THZQHEASIABILITQXGEPORT FOR A CEMENT PLANT IN BANGLADESH USING
LIMESTONE FROM INDIA. IT AGREED TO A RS. 50 MILLION CREDITY
WHEN THAT WAS THE ESTIMATED COST OF EQUIPMENT TO BE IMPORTED
FROM INDIA. NOW THAT COST HAS RISEN TO ABUT RS. 160 MILLION
(SPREAD OVER SEVERAL YEARS) AND BANGLADESH HAS ASKED FOR AN
INCREASE IN THE CREDIT. WE BELIEVE INDIAN WILL PROBABLY AGREE-.
ALTHOUGH INDIAN HAS COMPLETED THE FEASIBILITY STUDY FOR AN
INDIAN-ASSISTED FERTILIZER PLANT, IT CAN ONLY SUPPLY EQUIPMENT
REPRESENTING ABOUT A THIRD OF THE TOTAL COST OF RS. 2 BILLION.
ANOTHER THIRD WOULD HAVE TO COME FROM OTHER COUNTRIES, AND
BANGLADESH WOULD HAVE TO FINANCE A THIRD ITSELF. THE THIRD
PROJECT IN LINE FOR AN INDIAN CREDITY, A SPONGE IRON PLAN, HAS
YET TO BE STUDIED FOR FEASIBILITY.
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6. SMUGGLING: BOTH INDIAN AND BANGLADESH OFFICIALS IN DELHI TEL US THAT SMUGGLING HAS DROPPED OFF SHARPLY IN RECENT WEEKS. THEY CANNOT GIVE US HARD FIGURES, BUT THEY SEEM TO AGREE

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CAUSE FOR THE DECLINE. FIRST DEMAND FOR INDIAN CONSUMER GOODS IN DACCA HAS DROPPED AS A RESULT OF THE BANGLADESH INITIATIVE TO ALLOW BENGALIEE RESIDENTS ABROAD TO IMPORT CONSUMER ITEMS INTO BANGLADESH WITH THEIR OWN HARD CURRENCY. SECOND, THE SEPARATE SMUGGLING EFFORTS BY THE GOI AND BDG HAVE HAD AN IMPACT ON THE SMUGGLERS THEMSELVES. ALL OF THIS HAS OCCURRED WITHOUT BENEFIT OF THE INTERGOVERNMENTAL COMMISSION TO CONTROL SMUGGLING, THE FORMATION OF WHICH SHEIKH MUJIB AND MRS. GANDHI ANNOUNCED LAST MAY. THE GOI HAS ONLY NOW COMPLETED THE GROUNDWORK FOR ITS PARTICIPATION IN THE COMMISSION.

7. FARAKKA BARRAGE: INDIAN OFFICIALS EMPHASIZE THAT THIS INDIAN-BUILT PROJECT TO DIVERT THE GANGES TO FLUSH SEDIMENTATION OUT OF CALCUTTA PORT WILL NOT BE COMMISSIONED WITHOUT BANGLADESH'S APPROVAL. THEY ALSO EMPHASIZE THE IMPORTANCE OF THE PROJECT TO INDIAN ECONOMICALLY AND POLITICALLY, HOWEVER, SAYING THAT IT WILL BE OPENED DURING THE PRESENT DRY SEASON, WHICH ENDS IN JUNE. THEY IMPLY THAT INDIA IS THINKING OF AN INTERIM SOLUTION, I. E. ONE WHICH COULD BE CHANGED BEFORE TOO LONG. THE SCHEDULE IF FOR THE JOI HHS RIVERS COMMISSION TO MEET DECEMBER 31 TO FRAME ITS FINAL CONCLUSIONS (NOT NECESSARILY AN AGREED RECOMMENDATION) ON THE QUESTION OF "AUGMENTATION" OF THE FLOW OF THE GANGES AFTER FARAKKA IS OPENED. THOSE CONCLUSIONS WILL PRESUMABLY BE CONSIDERED BY THE TWO PRIME MINISTERS, BUT NOBODY WILL SPECULATE ON WHEN THAT MIGHT BE. MOYNIHAN

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Message Attributes

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